

San Francisco Unified School District
Summary of Budget Outlook for FY 2005-06
 (Revised May 18, 2005)

Outlook Based on Current Assumptions

SFUSD staff estimates that a \$22.3 million budget gap must be addressed between now and June 30, 2006.

This includes a gap of \$4.9 million for Fiscal Year 2004-05.

- Staff is working to address this potential shortfall in order to end FY 2004-05 with the required unrestricted reserve balances.
- Strategies being implemented include: spending freeze, hiring freeze, strategic use of restricted funds.

If the FY 2004-05 gap is closed, the FY 2005-06 gap will be reduced to \$17.4 million.

Budget Assumptions

General

- Governor's May proposal implemented, including shift of teachers' retirement costs and special education mental health responsibilities to school districts
- Unrestricted General Fund reserves must equal 2% (of total General Fund expenditures and transfers out)
- Step and column increases equal to 1% of payroll
- Designated reserve for new School of the Arts equals \$10.3 million

Expenses Not Accounted For

- Collective bargaining compensation increases
- Lopez attorneys' fees

General Considerations

If Prop 98 had not been suspended and all mandated reimbursements were paid, SFUSD would receive \$69 million more in FY 2005-06 than currently projected.

The May Revise leaves the anticipated position of the District's UGF essentially unchanged. The Cost of Living Adjustment (COLA) has increased slightly, from 3.93% to 4.23%; however, this increase is largely offset by the Administration's new proposal to shift responsibilities for special education mental health services from county mental health agencies to schools.

California's K-12 community is anxiously awaiting further development of the state's budget and hopes for better news about education funding for FY 2005-06.

In the meantime, staff intends to bring forward for the Board's consideration multiple strategies to close the budget gap that will exist if state funding for education does not improve.

Staff will continuously seek the Board's feedback on possible strategies; however, staff urges the Board to keep in mind that eliminating one strategy from consideration increases the need to identify other budget cuts.

Possible Gap Closing Strategies

Reduce Contributions to Special Programs (a.k.a. "Encroachments")

- Total target reduction of \$9.8 million in Unrestricted General Fund (UGF) contributions to special programs (currently projected to total \$39.8 million absent any reductions)
- Special Education – strategies have been identified to reduce UGF contribution by \$2.5 million during FY 2005-06
- Transportation – strategies have been identified to reduce UGF contribution by \$3.8 million during FY 2005-06
- Child Development – strategies have been identified to eliminate UGF contribution for FY 2005-06
- Student Nutrition – strategies have been identified to eliminate UGF contribution for FY 2005-06

Central Office Budget Cuts

- Previous target reduction of \$4.6 million in centrally budgeted offices and activities will be met and exceeded; actual cuts will total over \$6.1 million
- Cuts include estimated reductions of management and non-management positions
- Cuts include estimated \$1.5 million in non-personnel cuts
- Cuts include three furlough days for non-school site staff

Benefits Reductions

- Target reduction of \$3.1 million in fringe benefits costs through collective bargaining with one or more employee groups
- Possibilities include negotiating co-payments for medical / dental benefits (potentially all employee groups) or classified employees paying a portion or all of their own contributions to the City Retirement system.

School Closures

- Estimate of \$1.14 million in UGF savings will be realized for FY 2005-06 from school closures approved to date;
- No additional savings have been reflected for Treasure Island, pending final Board decision
- No lease revenues assumed

Payment from UESF

- UESF has been notified of their responsibility to pay the District nearly \$720,000 as a contractually required partial reimbursement of salary and benefits costs for employees on leave to conduct union business during 2002-03, 2003-04, 2004-05.

Nearly \$1.6 million in savings would still need to be identified under assumptions outlined above.

SAN FRANCISCO UNIFIED SCHOOL DISTRICT
FY 2004-05 AND FY 2005-06 PROJECTIONS
UNRESTRICTED GENERAL FUND

	04-05 FY PROJECTION	05-06 FY PROJECTION (BASED ON 04-05)	INITIAL ADJUSTMENTS	05-06 ADJUSTMENTS	05-06 PROJECTION BEFORE REDUCTIONS	05-06 REDUCTIONS	05-06 PROJECTION
REVENUE							
REVENUE LIMIT SOURCES	\$ 261,322,872	\$ 261,322,872	\$ (1,000,000)	\$ 10,423,704	\$ 270,746,576	\$ -	\$ 270,746,576
FEDERAL REVENUES	\$ 418,746	\$ 418,746			\$ 418,746		\$ 418,746
OTHER STATE REVENUES	\$ 28,021,587	\$ 28,021,587		\$ 750,000	\$ 28,771,587		\$ 28,771,587
OTHER LOCAL INCOME	\$ 50,738,300	\$ 50,738,300	\$ (20,573,000)	\$ 1,500,000	\$ 31,665,300	\$ -	\$ 31,665,300
NET REVENUES	\$ 340,501,505	\$ 340,501,505	\$ (21,573,000)	\$ 12,673,704	\$ 331,602,209	\$ -	\$ 331,602,209
TRANSFERS TO CHARTERS							
PROPERTY TAXES	\$ (5,941,495)	\$ (5,941,495)	\$ -	\$ (743,081)	\$ (6,684,576)	\$ -	\$ (6,684,576)
REVENUE LIMIT	\$ (3,312,378)	\$ (3,312,378)	\$ -	\$ (823,357)	\$ (4,135,735)	\$ -	\$ (4,135,735)
TOTAL TRANSFERS TO CHARTERS	\$ (9,253,873)	\$ (9,253,873)	\$ -	\$ (1,566,438)	\$ (10,820,311)	\$ -	\$ (10,820,311)
TOTAL REVENUE	\$ 331,247,632	\$ 331,247,632	\$ (21,573,000)	\$ 11,107,266	\$ 320,781,898	\$ -	\$ 320,781,898
EXPENDITURES							
CERTIFICATED SALARIES	\$ 157,509,623	\$ 157,509,623	\$ 1,700,000	\$ 1,575,096	\$ 160,784,719	\$ (5,627,465)	\$ 155,157,254
CLASSIFIED SALARIES	\$ 41,330,508	\$ 41,330,508		\$ 413,305	\$ 41,743,813	\$ (1,461,033)	\$ 40,282,780
EMPLOYEE BENEFITS	\$ 66,162,488	\$ 66,162,488		\$ 4,550,192	\$ 70,712,680	\$ (3,130,786)	\$ 67,581,894
BOOKS & SUPPLIES	\$ 4,300,000	\$ 4,300,000			\$ 4,300,000	\$ (500,000)	\$ 3,800,000
SERVICE/CONTRACT/OPER EXPENSES	\$ 17,300,000	\$ 17,300,000	\$ 1,000,000		\$ 18,300,000	\$ (2,000,000)	\$ 16,300,000
CAPITAL OUTLAY	\$ 131,753	\$ 131,753	\$ -	\$ -	\$ 131,753	\$ -	\$ 131,753
TOTAL EXPENDITURES	\$ 286,734,372	\$ 286,734,372	\$ 2,700,000	\$ 6,538,594	\$ 295,972,966	\$ (12,719,285)	\$ 283,253,681
EXCESS/DEFICIENCY	\$ 44,513,260	\$ 44,513,260	\$ (24,273,000)	\$ 4,568,672	\$ 24,808,932	\$ 12,719,285	\$ 37,528,217
CONTRIB FROM RESTRICTED REVENUES							
MEGA TRANSFERS	\$ 4,500,000	\$ 4,500,000	\$ (2,500,000)	\$ -	\$ 2,000,000	\$ -	\$ 2,000,000
TOTAL RESTRICTED REVENUE	\$ 4,500,000	\$ 4,500,000	\$ (2,500,000)	\$ -	\$ 2,000,000	\$ -	\$ 2,000,000
ONGOING & DEFERRED MAINTENANCE							
CONTRIBUTION	\$ (14,031,936)	\$ (14,031,936)	\$ -	\$ -	\$ (14,031,936)	\$ -	\$ (14,031,936)
TOTAL MAINTENANCE	\$ (14,031,936)	\$ (14,031,936)	\$ -	\$ -	\$ (14,031,936)	\$ -	\$ (14,031,936)
INDIRECT COSTS							
INTER PROGRAM (CATEGORICALS)	\$ 10,752,005	\$ 10,752,005	\$ -	\$ -	\$ 10,752,005	\$ -	\$ 10,752,005
INTERFUND (CATEGORICALS)	\$ 3,344,469	\$ 3,344,469	\$ -	\$ -	\$ 3,344,469	\$ -	\$ 3,344,469
TOTAL INDIRECT COSTS	\$ 14,096,474	\$ 14,096,474	\$ -	\$ -	\$ 14,096,474	\$ -	\$ 14,096,474
INTERFUND TRANSFER IN							
INTERFUND TRANSFER IN	\$ 43,382	\$ 43,382	\$ -	\$ -	\$ 43,382	\$ -	\$ 43,382
TOTAL INTERFUND TRANSFER IN	\$ 43,382	\$ 43,382	\$ -	\$ -	\$ 43,382	\$ -	\$ 43,382
EXCESS/DEFICIENCY	\$ 49,121,180	\$ 49,121,180	\$ (26,773,000)	\$ 4,568,672	\$ 26,916,852	\$ 12,719,285	\$ 39,636,137
ENCROACHMENTS							
COUNTY SCHOOLS/SPECIAL ED	\$ 32,097,343	\$ 32,097,343			\$ 32,097,343	\$ (6,300,000)	\$ 25,797,343
CHILD DEVELOPMENT FUND	\$ 2,477,275	\$ 2,477,275	\$ 500,000		\$ 2,977,275	\$ (2,977,275)	\$ -
CAFETERIA FUND	\$ 521,780	\$ 521,780			\$ 521,780	\$ (521,780)	\$ -
DEBT SERVICE	\$ 4,322,680	\$ 4,322,680	\$ (100,000)	\$ -	\$ 4,222,680	\$ -	\$ 4,222,680
TOTAL ENCROACHMENTS	\$ 39,419,078	\$ 39,419,078	\$ 400,000	\$ -	\$ 39,819,078	\$ (9,799,055)	\$ 30,020,023
EXCESS/DEFICIENCY	\$ 9,702,102	\$ 9,702,102	\$ (27,173,000)	\$ 4,568,672	\$ (12,902,226)	\$ 22,518,340	\$ 9,616,114
BEGINNING BALANCE	\$ 3,514,952	\$ 10,817,054	\$ -	\$ -	\$ 10,817,054	\$ -	\$ 10,817,054
PRIOR YEAR ADJUSTMENT	\$ (2,400,000)				\$ -		\$ -
ENDING FUND BALANCE	\$ 10,817,054	\$ 20,519,156	\$ (27,173,000)	\$ 4,568,672	\$ (2,085,172)	\$ 22,518,340	\$ 20,433,168
DESIGNATED BALANCES							
RESERVE - ECONOMIC UNCERTAINTIES	\$ 4,797,699	\$ 4,797,699		\$ 4,581,298	\$ 9,378,997	\$ -	\$ 9,378,997
REVOLVING FUND	\$ 500	\$ 500	\$ -	\$ -	\$ 500	\$ -	\$ 500
STORES	\$ 540,758	\$ 540,758	\$ -	\$ -	\$ 540,758	\$ -	\$ 540,758
SOTA	\$ 10,324,000	\$ 10,324,000	\$ -	\$ -	\$ 10,324,000	\$ -	\$ 10,324,000
	\$ 15,662,957	\$ 15,662,957	\$ -	\$ 4,581,298	\$ 20,244,255	\$ -	\$ 20,244,255
UNDESIGNATED BALANCE (END)	\$ (4,845,903)	\$ 4,856,199	\$ (27,173,000)	\$ (12,626)	\$ (22,329,427)	\$ 22,518,340	\$ 188,913

SAÑ FRANCISCO UNIFIED SCHOOL DISTRICT
FY 2004-05 AND FY 2005-06 PROJECTIONS
UNRESTRICTED GENERAL FUND

	04-05 FY PROJECTION	05-06 FY PROJECTION (BASED ON 04-05)	INITIAL ADJUSTMENTS	05-06 ADJUSTMENTS	05-06 PROJECTION BEFORE REDUCTIONS	05-06 REDUCTIONS	05-06 PROJECTION
REVENUE							
REVENUE LIMIT SOURCES	\$ 261,322,872	\$ 261,322,872	\$ (1,000,000)	\$ 10,423,704	\$ 270,746,576	\$ -	\$ 270,746,576
FEDERAL REVENUES	\$ 418,746	\$ 418,746			\$ 418,746		\$ 418,746
OTHER STATE REVENUES	\$ 28,021,587	\$ 28,021,587		\$ 750,000	\$ 28,771,587		\$ 28,771,587
OTHER LOCAL INCOME	\$ 50,738,300	\$ 50,738,300	\$ (20,573,000)	\$ 1,500,000	\$ 31,665,300	\$ -	\$ 31,665,300
NET REVENUES	\$ 340,501,505	\$ 340,501,505	\$ (21,573,000)	\$ 12,673,704	\$ 331,602,209	\$ -	\$ 331,602,209
TRANSFERS TO CHARTERS							
PROPERTY TAXES	\$ (5,941,495)	\$ (5,941,495)	\$ -	\$ (743,081)	\$ (6,684,576)	\$ -	\$ (6,684,576)
REVENUE LIMIT	\$ (3,312,378)	\$ (3,312,378)	\$ -	\$ (823,357)	\$ (4,135,735)	\$ -	\$ (4,135,735)
TOTAL TRANSFERS TO CHARTERS	\$ (9,253,873)	\$ (9,253,873)	\$ -	\$ (1,566,438)	\$ (10,820,311)	\$ -	\$ (10,820,311)
TOTAL REVENUE	\$ 331,247,632	\$ 331,247,632	\$ (21,573,000)	\$ 11,107,266	\$ 320,781,898	\$ -	\$ 320,781,898
EXPENDITURES							
CERTIFICATED SALARIES	\$ 157,509,623	\$ 157,509,623	\$ 1,700,000	\$ 1,575,096	\$ 160,784,719	\$ (5,627,465)	\$ 155,157,254
CLASSIFIED SALARIES	\$ 41,330,508	\$ 41,330,508		\$ 413,305	\$ 41,743,813	\$ (1,461,033)	\$ 40,282,780
EMPLOYEE BENEFITS	\$ 66,162,488	\$ 66,162,488		\$ 4,550,192	\$ 70,712,680	\$ (3,130,786)	\$ 67,581,894
BOOKS & SUPPLIES	\$ 4,300,000	\$ 4,300,000			\$ 4,300,000	\$ (500,000)	\$ 3,800,000
SERVICE/CONTRACT/OPER EXPENSES	\$ 17,300,000	\$ 17,300,000	\$ 1,000,000		\$ 18,300,000	\$ (2,000,000)	\$ 16,300,000
CAPITAL OUTLAY	\$ 131,753	\$ 131,753	\$ -	\$ -	\$ 131,753	\$ -	\$ 131,753
TOTAL EXPENDITURES	\$ 286,734,372	\$ 286,734,372	\$ 2,700,000	\$ 6,538,594	\$ 295,972,966	\$ (12,719,285)	\$ 283,253,681
EXCESS/DEFICIENCY	\$ 44,513,260	\$ 44,513,260	\$ (24,273,000)	\$ 4,568,672	\$ 24,808,932	\$ 12,719,285	\$ 37,528,217
CONTRIB FROM RESTRICTED REVENUES							
MEGA TRANSFERS	\$ 4,500,000	\$ 4,500,000	\$ (2,500,000)	\$ -	\$ 2,000,000	\$ -	\$ 2,000,000
TOTAL RESTRICTED REVENUE	\$ 4,500,000	\$ 4,500,000	\$ (2,500,000)	\$ -	\$ 2,000,000	\$ -	\$ 2,000,000
ONGOING & DEFERRED MAINTENANCE							
CONTRIBUTION	\$ (14,031,936)	\$ (14,031,936)	\$ -	\$ -	\$ (14,031,936)	\$ -	\$ (14,031,936)
TOTAL MAINTENANCE	\$ (14,031,936)	\$ (14,031,936)	\$ -	\$ -	\$ (14,031,936)	\$ -	\$ (14,031,936)
INDIRECT COSTS							
INTER PROGRAM (CATEGORICALS)	\$ 10,752,005	\$ 10,752,005	\$ -	\$ -	\$ 10,752,005	\$ -	\$ 10,752,005
INTERFUND (CATEGORICALS)	\$ 3,344,469	\$ 3,344,469	\$ -	\$ -	\$ 3,344,469	\$ -	\$ 3,344,469
TOTAL INDIRECT COSTS	\$ 14,096,474	\$ 14,096,474	\$ -	\$ -	\$ 14,096,474	\$ -	\$ 14,096,474
INTERFUND TRANSFER IN							
INTERFUND TRANSFER IN	\$ 43,382	\$ 43,382	\$ -	\$ -	\$ 43,382	\$ -	\$ 43,382
TOTAL INTERFUND TRANSFER IN	\$ 43,382	\$ 43,382	\$ -	\$ -	\$ 43,382	\$ -	\$ 43,382
EXCESS/DEFICIENCY	\$ 49,121,180	\$ 49,121,180	\$ (26,773,000)	\$ 4,568,672	\$ 26,916,852	\$ 12,719,285	\$ 39,636,137
ENCROACHMENTS							
COUNTY SCHOOLS/SPECIAL ED	\$ 32,097,343	\$ 32,097,343			\$ 32,097,343	\$ (6,300,000)	\$ 25,797,343
CHILD DEVELOPMENT FUND	\$ 2,477,275	\$ 2,477,275	\$ 500,000		\$ 2,977,275	\$ (2,977,275)	\$ -
CAFETERIA FUND	\$ 521,780	\$ 521,780			\$ 521,780	\$ (521,780)	\$ -
DEBT SERVICE	\$ 4,322,680	\$ 4,322,680	\$ (100,000)	\$ -	\$ 4,222,680	\$ -	\$ 4,222,680
TOTAL ENCROACHMENTS	\$ 39,419,078	\$ 39,419,078	\$ 400,000	\$ -	\$ 39,819,078	\$ (9,799,055)	\$ 30,020,023
EXCESS/DEFICIENCY	\$ 9,702,102	\$ 9,702,102	\$ (27,173,000)	\$ 4,568,672	\$ (12,902,226)	\$ 22,518,340	\$ 9,616,114
BEGINNING BALANCE	\$ 3,514,952	\$ 10,817,054	\$ -	\$ -	\$ 10,817,054	\$ -	\$ 10,817,054
PRIOR YEAR ADJUSTMENT	\$ (2,400,000)				\$ -		\$ -
ENDING FUND BALANCE	\$ 10,817,054	\$ 20,519,156	\$ (27,173,000)	\$ 4,568,672	\$ (2,085,172)	\$ 22,518,340	\$ 20,433,168
DESIGNATED BALANCES							
RESERVE - ECONOMIC UNCERTAINTIES	\$ 4,797,699	\$ 4,797,699		\$ 4,581,298	\$ 9,378,997	\$ -	\$ 9,378,997
REVOLVING FUND	\$ 500	\$ 500	\$ -	\$ -	\$ 500	\$ -	\$ 500
STORES	\$ 540,758	\$ 540,758	\$ -	\$ -	\$ 540,758	\$ -	\$ 540,758
SOTA	\$ 10,324,000	\$ 10,324,000	\$ -	\$ -	\$ 10,324,000	\$ -	\$ 10,324,000
	\$ 15,662,957	\$ 15,662,957	\$ -	\$ 4,581,298	\$ 20,244,255	\$ -	\$ 20,244,255
UNDESIGNATED BALANCE (END)	\$ (4,845,903)	\$ 4,856,199	\$ (27,173,000)	\$ (12,626)	\$ (22,329,427)	\$ 22,518,340	\$ 188,913

Federal Communications Commission

Docket No. 04-191 Exhibit No. 78-B

Presented by SFUSD

Disposition	{	Identified	<u>6/20/05</u>	
		Received	<u>6/22/05 (see Order FCC</u>	
		Rejected	<u>05/17-31).</u>	

Reporter stj

Date 6/22/05